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**PUTNAM COUNTY WOMAN SENTENCED ON FEDERAL MORTGAGE FRAUD  
AND TAX CHARGES**

CHARLESTON, W.Va. – A Hurricane woman was sentenced to 46 months in prison and five years of supervised release yesterday for various charges stemming from her involvement in a \$2.3 million mortgage fraud scheme involving properties at a Putnam County, West Virginia subdivision. Deborah L. Joyce, 38, of Hurricane, Putnam County, West Virginia, pleaded guilty in September 2010 before United States District Judge Thomas E. Johnston, admitting that she misled investors and banks.

“Mortgage fraud was a primary cause of the recent financial crisis, which continues to afflict broad swaths of our economy,” said U.S. Attorney Booth Goodwin. “Its effects have cost millions of citizens their jobs and millions more their homes and their savings. It has left communities devastated by foreclosures and plummeting home values. Today’s sentence shows that criminals like Deborah Joyce cannot get away with the lawbreaking that produced this historic mess.”

In the late spring of 2006, the defendant met with property owners of 45 Spruce Ridge located in the Stonegate subdivision in Hurricane. The owners agreed to sell property to Joyce’s company, Prime Developers, LLC, which at the time was a market price of \$395,000. Joyce admitted to obtaining an inflated and false appraisal from a licensed appraiser, which valued the property at \$650,000. Joyce further admitted to including the below-grade basement as additional square footage in order to obtain the higher value for the property. By doing so, the appraiser was able to increase the home’s square footage from 2,844 to 4,366 and was able to use more expensive homes nearby as comparables in order to justify the inflated appraisal price.

To further the scheme, Joyce admitted to transmitting or caused to be transmitted a copy of the inflated appraisal via email to the organizer of 100X, Inc., so it could be shared with other real estate investment members in Utah. The group’s lead organizer convinced one of its members to purchase the Spruce Ridge property for \$617,500, by falsely misrepresenting that the inflated appraisal substantially undervalued the property. The 100X, Inc. organizers obtained financing for the purchaser, known as Victim No.1, with the help of an employee of “Excellence Mortgage,” also located in Salt Lake City, Utah. On August 14, 2006, the 100X organizers, Excellence Mortgage employees and a closing attorney organized an “upside down” closing in Hurricane. At the closing, the defendant and Prime Developers purchased 45 Spruce Ridge from the original owners for \$395,000. The same day, Joyce’s company sold 45 Spruce Ridge to Victim No. 1 for \$615,000.

In addition to other closing costs, the closing attorney wired \$134,660 from Victim No. 1’s loan proceeds to an account held in the name of “ACS” also known as Advanced Capital Services or The Gift Program. The HUD-1 Settlement Statement falsely stated that Victim No. 1 was providing a down payment, when in reality, those funds were coming from the loan proceeds. Unbeknownst to the lender, the seller was passing a portion of the loan proceeds to Victim No. 1

through The Gift Program for the down payment and initial mortgage payments. The remaining portion of the ACS transfer went to Joyce and others.

Victim No. 1 tried unsuccessfully to sell the property for almost two years, but could not get any interest near the \$615,000 mortgage. Once the pre-paid mortgage payments ran out, Victim No. 1 ultimately defaulted. On December 15, 2008, the note holder for 45 Spruce Ridge foreclosed on the property. In April 2009, the property was sold out of foreclosure for \$305,000.

In addition to the property at 45 Spruce Ridge, Joyce admitted that five additional properties located in the Stonegate subdivision in Hurricane were part of the property-flipping scheme.

At sentencing, Judge Johnston was “astonished by the audacity and criminality” of the scheme in which Ms. Joyce was involved.

Joyce also admitted with respect to another felony charge that in March 2004 she had made a false statement to a local bank by obtaining two car loans for the same vehicle.

Joyce also admitted that for the tax year 2007, that she willingly filed a false Form 1040 tax return with the Internal Revenue Service, which grossly under reported her and her spouse’s income.

This case was investigated by the Federal Bureau of Investigation and the Internal Revenue Service, Criminal Investigative Division. Assistant United States Attorney Thomas Ryan handled the prosecution.

This case was prosecuted as part of President Obama’s Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

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